

# **CALIFORNIA ECONOMIC STRATEGY PANEL**

## **AGENDA**

October 10, 2002  
9:00 A.M. – 12:30 P.M.

Oakland City Council Chambers  
Hearing Room 3  
1 Frank Ogawa Plaza (aka 1 City Hall Plaza)  
Oakland, CA  
(510) 238-3226

9:00 Welcome, Self Introductions and Purpose

Lon S. Hatamiya, Chair and Secretary  
California Technology, Trade and Commerce Agency

Trish Kelly, Recorder and Consultant  
Economic Development Consultant

9:05 Highlights of the Senate Select Committee on Economic Development Hearing  
(Held on October 9, 2002)

Senator John Vasconcellos, Chair of the Senate Select Committee on Economic  
Development

9:15 Economic Update

Steve Levy, Director  
Center for the Continuing Study of the California Economy

9:30 Discussion of Recommendations from the Infrastructure Policy Committee

Jerold Neuman, Partner  
Allen, Matkins, Leck, Gamble & Mallory LLP

Nick Bollman, Principal Technical Advisor and President & CEO  
California Center for Regional Leadership

10:00 Discussion of Recommendations from the Economic Data and Information Policy  
Committee

Donald L. Fowler, Vice President  
TechNet

Michael Curran, Principal Technical Advisor and Director  
NOVA Workforce Board

- 10:30 Discussion of Recommendations from the Workforce Development and  
Education Policy Committee

Supervisor Bill D. Simmons, Director  
Regional Career Center/Yuba County One Stop

Paul Gussman, Principal Technical Advisor and Deputy Director  
California Workforce Investment Board

- 11:00 Discussion of Recommendations from the Governance and Regionalism Policy  
Committee

Sunne Wright McPeak, President & CEO  
Bay Area Council

Doug Henton, Principal Technical Advisor and President  
Collaborative Economics, Inc.

- 11:30 Facilitated Discussion of a 1/1/03-12/31/04 Workplan for the California  
Economic Strategy Panel

Panel Members

Jim King, Facilitator and President  
JK, Inc.

- 12:20 Public Comments

- 12:30 Adjourn

## **CALIFORNIA ECONOMIC STRATEGY PANEL**

### **SUMMARY OF THE OCTOBER 10, 2002 MEETING**

#### **BACKGROUND**

The following provides a summary of the California Economic Strategy Panel meeting held on October 10, 2002. The primary purpose of the meeting was to discuss recommendations from the four policy committees that the Panel established as critical to the growth and competitiveness of the state's economy. The policy areas are 1) workforce development and education; 2) infrastructure; 3) economic data and information; and, 4) governance and regionalism. The outcome of the meeting was to define a role and develop a workplan framework for the California Economic Strategy Panel for the next biennial planning cycle beginning January 1, 2003 through December 31, 2004.

A draft workplan framework will be discussed at the next California Economic Strategy Panel meeting scheduled on December 2, 2002 from 9:30 A.M. to 12:30 P.M. at the California Chamber of Commerce, 1215 K Street, 14<sup>th</sup> Floor, Sacramento, CA 95812-1736.

#### **SUMMARY OF RECOMMENDATIONS**

Based on recommendations from the four policy committees and discussion during the meeting, the principal roles for the California Economic Strategy Panel is to provide:

- Leadership

The Panel is the catalyst for connecting regional innovation and economic demands and framing state-level policies and investments through a bottom-up governance process and collaboration.

- Vision

The Panel monitors and interprets the performance of the economy in order to continuously articulate the vision of the next California economy.

- Strategy

The Panel performs on the four cornerstones of 1) "real time" economic data and information; 2) better workforce connections focused on regional industrial clusters; 3) infrastructure investments linked to the next economy; and, 4) a robust

state/regional economic leadership network that includes the local Collaborative Regional Initiatives, Workforce Investment Boards, Economic Development Corporations and other groups.

## **SUMMARY OF MEETING**

- **Highlights of the Senate Select Committee on Economic Development Hearing on *Accountability for State Investments in Economic Development* Held on October 9, 2002**

Eight California Economic Strategy Panel Members participated in the hearing.

There is a need for the State to be more strategic in making budget decisions for economic development and to be held accountable.

There is a need for a functional, universal budget plan for economic development.

There is a need to be strategic to make state budget decisions.

There is a need for a comprehensive budget expenditure list that includes tax credits and incentives.

There is a need for a broader definition of economic development that starts with principles and outcomes for economic well-being that go beyond programs and agencies. This definition would recognize that economic development is a process.

There is a need to link the work that is taking place in regions.

Economic development is a process that needs to be on-going and not a means to an end.

There is a need for the California Economic Strategy Panel to play a leadership role.

- **Discussion on the California and National Economy**

There is a need to question what is a normal economic growth rate. How much below or over is a normal growth rate over what period of time?

There is a distinction between what the federal government can do versus states in stimulating the economy.

Economists in power (i.e. Federal Reserve Board) did what needed to be done such as drop in interest rates.

There is a national shortfall in demand.

There is a need to put money out such as a \$300 billion federal stimulus package for 1) security; 2) replace state and local revenues lost to recession; and, 3) cut payroll tax for low income workers and a balanced tax cut.

A federal stimulus package might build confidence and send the message that “someone is minding the store.” A federal stimulus will help state budget shortfalls and may offer opportunities for investments.

The California Economic Strategy Panel could address the issues of 1) the conflict of the role of state government having anything to do with the economy; 2) the conflict of whether the state budget can be balanced; and, 3) the conflict regarding planning requirements for growth especially the demand for housing.

The California Economic Strategy Panel could look at ways and means to measure how the economy is performing and areas where the economy is underperforming and what, if anything, state government can do.

The California Economic Strategy Panel needs to be able to discuss economic performance objectively and candidly without political constraints.

The California Economic Strategy Panel could look at capacity issues and how to stimulate demand.

A consolidated investment plan helps determine what role or impact state government can have, especially in times of high risk.

The California Economic Strategy Panel could continuously provide analyses of economic performance and play a role similar to the National Conference of Economic Advisors.

The California Economic Strategy Panel could provide economic impact analyses such as the impact of lack of housing on productivity. The supply side is not keeping up with demand, which is driving up costs. This is exacerbated by a shortage of skilled construction workers.

The California Economic Strategy Panel could look at the role of government in areas such as housing and the need for a state policy similar to thirty-five other states with housing policies.

- **Discussion of Recommendations from the Infrastructure Policy Committee**

Numerous reports document the cycle of deferred maintenance for over 20 years and the economic impact of this under investment.

Infrastructure investment will put dollars into circulation and stimulate the economy as well as drive policies for development in certain areas.

The California Economic Strategy Panel could lead state government to 1) use available resources in a coordinated and targeted manner to invest in infrastructure that has impact on the economy (not invest in infrastructure for the sake of infrastructure); 2) find better investment models such as the Alameda Corridor model for public/private investments and better utilization of assets owned by State government (begin with an inventory of state assets related to infrastructure); and, 3) get beyond localism for infrastructure of statewide significance and demand such as wireless communications.

The California Economic Strategy Panel can further the recommendations in *Invest for California Strategic Planning for California's Future Prosperity and Quality of Life* by the Commission on Building for the 21<sup>st</sup> Century.

The California Economic Strategy Panel should look at housing issues such as substandard existing housing and growing demands of new housing in rural Northern California where there are few incorporated cities and the cost of development falls on the Counties and developers.

Policy discussions are needed on how and where infrastructure investments need to be made instead of through bond measures.

Infrastructure investment has to be planned for where growth will be, especially in rural areas.

Collaborative planning efforts are essential.

The California Economic Strategy Panel needs to communicate resolutions for infrastructure needs at the regional level in real time.

The California Economic Strategy Panel needs to take bold moves especially in regards to telecommunications/information infrastructure.

There is a need to recognize that information infrastructure may have the greatest future impact on the economy.

- **Discussion of Recommendations from the Economic Data and Information Policy Committee**

There is a need for better economic information that is readily available for decision-making at all levels.

There is a need to talk about probabilities and not predictions about the economy.

The use of economic information and data is redefining training demands.

There are several barriers to retrieve and access economic information and data including 1) data collected for other reasons such as ES 202; 2) access to sources such as the Labor Market Information Division is limited; and, 3) the collection of information is weak and inconsistent.

There is a need to understand the different mixes in the industrial base that then require different infrastructure support.

There is a need to make investment policy decisions based on economic data.

There is a need to start with “what the economy is doing.”

- **Discussion of Recommendations from the Workforce Development and Education Policy Committee**

There is a need to link the education and training systems to the economy statewide.

Categorical funding is a barrier. Dialogue is required to address how to integrate systems.

There needs to be a link between the California Workforce Investment Board and the California Economic Strategy Panel.

The California Economic Strategy Panel could be a convener/leadership for continuous information flow through public forums and outreach. There is a need for coherence and to interface among business/industry, education and training at the regional level that links with the economy in real-time engagement.

The critical issue with technology-based companies is not manufacturing tax credit or income/corporate tax, but the quality of the workforce and quality of life issues.

- **Discussion of Recommendations from the Governance and Regionalism Policy Committee**

A key issue is how will there be a mechanism most supportive for the economic well-being of the state. State government is not organized to reflect the nature of the economy.

There is a need for a bold, new governance structure, building on the new understandings of how the economy works (i.e. industry clusters, relationships between local, regional and state demands and collaboration).

There is a need for a “California Economic Leadership Network” based on a stewardship model that 1) supports regional collaboration; 2) connects regional

innovation to the state; 3) engages key stakeholders; and, 4) helps steer overall strategy.

There already is civic engagement in regions around data, information, workforce and economic development that need to be connected and connected with the state.

There is a need to reorganize how we work together.

Water issues are an example of the need for regional collaboration and consequences on the economy.

### **SUMMARY OF DISCUSSION for a 1/01/03 – 12/31/04 WORKPLAN for the CALIFORNIA ECONOMIC STRATEGY**

The California Economic Strategy Panel's job is to analyze and watch over the economy and make recommendations for state investments.

If the economy is under performing, there is a need for economic leadership for investment policies.

Economic regions in California compete with other states and global regions. Information is critical to make decisions.

The California Economic Strategy Panel could be the "connector" or "integrator" and be stewards for outcomes.

If we (the California Economic Strategy Panel) are to play this role, then we will need money, guns or, at least, a uniform.

The California Economic Strategy Panel should study and monitor the economy, make general policy recommendations that impact the economy and influence decision-making.

The California Economic Strategy Panel should be the public voice for the economy, explain where the economy is today and provide leadership.

The California Economic Strategy Panel should track and benchmark the economy, identify emerging issues, communicate issues, advocate and recommend policies and serve as a steward of the economy.

There is a need for a communications plan and events to include others in this process.